use the property for the life of a specified person. Usually, a life estate is measured by the life of the life tenant, but it may be measured by the life of someone else. If so, the life tenant's interest ends upon the death of that person. Upon your death (or the death of a specified person), ownership passes to the person or persons who own the remainder. They are called *remaindermen*.

Usually, the life tenant has the following rights and duties, unless the document creating the life estate shows a contrary intent.

- A life tenant may sell his estate for a lifetime. The purchaser buys not the underlying property, but the right to use and possess it for the lifetime of the specified person.
- The life tenant has the right to plant, harvest, and sell annual crops.
- The life tenant is entitled to cut and use a reasonable amount of timber for fuel or to repair buildings, fences, and the like. The life tenant may not cut timber from the land merely for his or her own profit. An exception exists for timberland held as part of a trade or business investment under a forest management plan adopted before the life estate was created. In that case, the life tenant may be obligated to hold part of the sale proceeds for the benefit of the remaindermen. Good practice is to provide written authorization in the legal document creating the life estate that allows the life tenant to cut mature, over-mature, diseased, insect-infested, or dead and dying trees.
- If the property produces income, such as a farm or an apartment building, the life tenant may collect the rents and profits from the property.
- The life tenant is responsible for taking care of the property and for making ordinary repairs.
- The life tenant must pay property taxes and local assessments. If the property is mortgaged when it comes to the life tenant, the life tenant is responsible for paying the annual interest on the debt, but not the principal.
- The entire property itself may not be sold unless the life tenant and all the remaindermen join in the sale. If the property is unproductive, the life tenant may get permission from the court to sell the land. However, he must reinvest the funds for both the benefit of the life tenant *and* the remaindermen.
- The life tenant may not give away the property under the terms of his or her will if his or her life was the measuring life.

The following words in a will or deed create a life estate: "to my wife for so long as she lives, remainder to my sister, Jane." The wife has the right to possess and use the property for her lifetime, and upon her death, the property passes to Jane as the sole owner.

Although it is easy to create a life estate, it has serious legal consequences. Carefully consider the burdens and restrictions you may be placing on the life tenant. Check the tax consequences of conveying a life estate, or a remainder interest. Consult an attorney and a tax advisor for additional details.

Concurrent interests. You and others may own concurrent interests in the same property. *Concurrent joint ownership* means your rights and the rights of other owners occur at the same time. Your rights in the property depend upon the form of joint ownership. Concurrent joint ownership of property in North Carolina may take three forms: *tenancy in common, tenancy by the entirety* and *joint tenancy* (with or without a *right of survivorship*). Of the three forms, only tenancy in common always permits your interest in the property to pass on to your heirs via your will.

Tenancy in common. A tenancy in common means that two or more people own undivided fractional interests in the same property. For example, if three people own the property equally as tenants in common, each owns an undivided one-third interest in the property. Each co-owner has the right to use and possess the entire property, as long as other co-owners are not excluded. None of the co-owners may take any action with respect to the entire property without the written permission of the others. Together, they may sell, lease, mortgage, manage, or collect income from the entire property. Ownership shares in a tenancy in common may be unequal. In the example above, one person could have a one-half interest in the property, another could have one-eighth interest, while the third owner could have a three-eighth interest.

Generally, each may sell his or her undivided interest in the property without the permission of the other co-owners. The purchaser buys an undivided interest in the property, and the remaining tenants in common have a new co-owner. One owner may also use his or her share as security for a debt, although that owner may not mortgage the entire property without all other co-owners joining him or her. A *judgment creditor* of a co-owner (a person who sued the co-owner successfully and was granted a judgment for money due) may execute on the judgment, forcing the sale of the co-owner's share.

Each co-owner may ask the court to order a partition and sale. The court may divide the property and give each co-owner his or her proportionate interest. Or the court may order a sale of the whole property and divide the money among the co-owners.

When a co-owner dies, ownership of his interest is controlled by his will or by the laws that determine who gets his property if he dies without a will. His beneficiaries or heirs inherit undivided interests in his share of the property. Without proper planning, family property handed down through the generations may become unmarketable because there are too many owners. Example 1 illustrates this problem.

The value of each co-owner's undivided interest is included in her gross estate for federal estate tax purposes and may be subject to federal and state estate taxes. One method of determining the value of the interest is to divide the fair market value of the entire property by the co-owner's